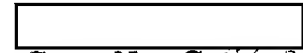


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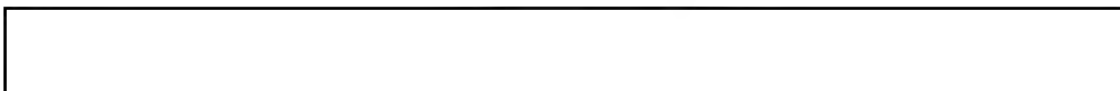
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3. The French-Algerian negotiations. (*Page ii*)

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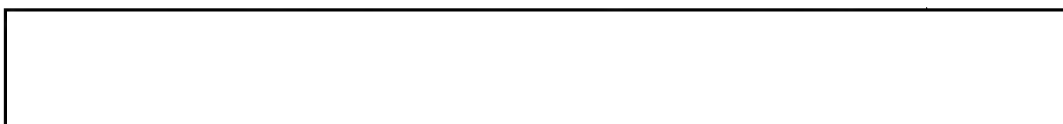
5. USSR - East Germany: The Khrushchev-Ulbricht meeting.
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France-Algeria: The communiqué issued after the close of the rebel National Revolutionary Council meeting on 28 February authorizes continuance of negotiations with the French and implies that the provisional Algerian government (PAG) is now authorized to conclude a cease-fire agreement if the renewed negotiations are satisfactorily concluded. No date has been announced for a resumption of negotiations, however, and should they be protracted beyond the few days reportedly envisaged by Paris, chances for a negotiated settlement would be jeopardized. If public order continues to deteriorate in the Algerian cities, De Gaulle might feel compelled to take unilateral action. Moreover, the PAG might be unable to restrain the Moslem population from massive retaliatory attacks on Europeans. OAS terrorism and lawlessness have already created an atmosphere in which implementation of any settlement will be difficult.

[redacted] the rebels will not agree to a cease-fire until De Gaulle takes effective measures against anti-Moslem activities of the OAS.



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DAILY BRIEF

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USSR - East Germany: The two-day meeting between East German leader Ulbricht and Khrushchev, immediately following the latter's return to Moscow, suggests that future lines of bloc policy on the Berlin and German questions may have been established. However, the communiqué conveyed no sense of urgency and gave no indication of timing on a separate treaty. It merely indicated that there had been a "thorough exchange of opinions concerning the conclusion of a peace treaty and the normalization of the situation in West Berlin."

The otherwise cryptic communiqué emphasizes economic agreement, "especially" increased exchange of goods and Soviet credits to East Germany in 1962--both the subject of several months of lower level negotiations in Moscow and East Berlin. A major increase in Soviet economic support, if actually forthcoming, may indicate that Moscow has finally decided to shore up the East German economy. [REDACTED]

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DAILY BRIEFS

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[REDACTED]

USSR-Cuba: The visit to Cuba beginning on 25 February by the head of the Soviet State Bank probably is intended to alleviate some of the more acute problems facing the Castro regime as a result of the US embargo, increasing domestic economic difficulties, and an expected decline in the island's 1962 sugar production. While there have been rumors that a new Soviet credit is to be offered, banking officials would not normally negotiate such an agreement. The main topic for discussion may be Cuban banking relations with the entire Soviet bloc, in particular the system of multilateral payments whereby the income from part of Cuba's sugar exports to the USSR is used to help compensate for European satellite exports to Cuba. Increased use of this system may be necessary because sugar exports to the satellites will apparently be reduced this year. Moscow may also be willing to increase its convertible currency payments for imports from Cuba. [REDACTED]

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*Britain - Northern Rhodesia: [The British constitutional proposals for Northern Rhodesia which were announced on 28 February do not appear to meet what moderate African nationalist Kenneth Kaunda has called his "minimum demands," and his first reaction to them was negative. If Kaunda holds to his initial assessment, he will have difficulty forestalling violent reactions from his more radical followers.] [REDACTED]

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Venezuela: [The Venezuelan Communist party (PCV) is reported to be intensifying training of paramilitary units in preparation for new violence against President Betancourt's regime sometime after Congress convenes on 2 March. The party is reportedly so deeply split, however, that effective action seems unlikely. The government is aware of PCV activities and can be expected to take strong measures to deal with them.] [REDACTED]

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Brazil: Governor Brizola of the Brazilian state of Rio Grande do Sul on 27 February advocated the expropriation of all foreign enterprises in Brazil, including banks. He announced preparations for seizing a Rio Grande do Sul subsidiary of the American-owned Electric Bond and Share Corporation. The government took over a subsidiary of International Telephone and Telegraph earlier this month. The governor may be timing these moves to embarrass his political rival and brother-in-law, President Joao Goulart, prior to Goulart's visit to the United States on 3 April. [REDACTED]

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WATCH COMMITTEE CONCLUSIONS

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[On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:]

[No Sino-Soviet bloc country intends deliberately to initiate direct military action in the immediate future.]

[BERLIN: Soviet probing tactics against Allied access to Berlin will probably continue, but bloc military activity in general suggests that the Communists do not expect their actions to provoke military confrontation in the immediate future.]

[LAOS: Communist military actions will probably continue at a relatively low level, pending the outcome of Souvanna's talks with Souphannouvong. If Souvanna and Souphannouvong reach agreement on a cabinet, continued RLG opposition could lead to a significant step-up in military activities.]

[SOUTH VIETNAM: The increased rate of Viet Cong incidents in the past week and growing bloc criticism of US military assistance to South Vietnam may presage a general step-up in the level of Viet Cong activities, especially in the countryside. It is not yet clear whether the air attack on Diem's palace on 27 February was an isolated act by officers disaffected with the Diem regime or whether it was part of a broader coup plot, but there is no evidence of widespread complicity. The Viet Cong apparently were not connected with the planning for this attack.]

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British Proposals for Northern Rhodesian Constitution

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[The British constitutional proposals are designed to produce a slim African majority in the 45-member Northern Rhodesian legislature. African nationalists, however, might find their votes balanced by those of whites and African conservatives.]

[Prime Minister Welensky of the Federation of Rhodesia and Nyasaland, speaking in London, has implied that he would use force to prevent the accession to power of Northern Rhodesian "extremists." He is unlikely to hold to his threats, however, if only because such action would violate agreements between Britain and the Federation. At the same time, if Kaunda and his followers accept the new constitution and an African government seems imminent in Northern Rhodesia, Europeans in white-dominated Southern Rhodesia are likely to be increasingly opposed to a continuation of the Federation in its present form--an opposition in which they will be joined by Africans in the northern territories of Nyasaland and Northern Rhodesia. The long-adjourned talks on the federal constitution thus may be reopened this spring.]

[The British Government's decision will evoke sharp opposition from the several score Conservative back-benchers most sympathetic to Welensky's view, and touch off a bitter debate. However, the government, with the cabinet solidly behind the change and with a 100-seat majority in the House of Commons, may be expected to see the change through and try to revise the constitution of the Federation of Rhodesia and Nyasaland in recognition of African hostility toward the present one.]

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[REDACTED]

[REDACTED]

[REDACTED]

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Governor of Brazilian State of Rio Grande do Sul Promises
New Expropriations

In advocating widespread expropriations on 27 February, Governor Leonel Brizola said that his state government is preparing to expropriate the electric company in the southern Rio Grande do Sul town of Pelotas. In May 1959 he took over his state's subsidiary of American and Foreign Power Company.

On 28 February, 4,000 peasants were reported marching on the southern part of the state prepared to seize land, with backing expected from Brizola. In late January the governor expropriated two tracts of land which had been seized by squatters--50,000 acres belonging to an Uruguayan company and 150,000 acres owned in large part by the state.

Brizola's term as governor expires next January, and he apparently is seeking to add to his national political reputation in preparation for a bid for national office. Foreign ownership of utilities and banks is unpopular with most Brazilians. Brizola would apparently like to supplant President Goulart as head of the Brazilian Labor party. He believes that Goulart did not reward him sufficiently for his support last August when Goulart's succession to the presidency was threatened. [REDACTED]

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[REDACTED]

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THE PRESIDENT

The Vice President

Executive Offices of the White House

Special Counsel to the President

Military Representative of the President

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant Secretary of Defense

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice

The Attorney General

The Federal Bureau of Investigation

The Director

The Atomic Energy Commission

The Chairman

The National Security Agency

The Director

The United States Information Agency

The Director

The National Indications Center

The Director

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